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The Journal of the American Newspaper Publishers Association

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Special Report *Newspaper executives have become brutally frank when discussing the industry's biggest ailment: declining readership and stagnant circulation. Their prescriptions are nothing new—better customer service, more compelling and useful editorial material, more promotion. What is new is the realization that this is a critical time for newspapers and that these and other prescriptions must all be tried if the trend is to be reversed. In this report, some of the experts lay down the bottom line: The marketplace has changed and newspapers have to change.* **22**

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CHAIRMAN'S CORNER

Newsprint Disposal Task Force seeks answers to complex issue

Garbage may not be the most compelling subject, but it is difficult to forget last year's five-month, 6,000-mile odyssey of the Long Island barge seeking a site to dispose of its cargo. The captain of the tug hauling the barge was at sea for quite a spell. After a round trip to the Caribbean and a visit to six states and three foreign countries, all the time looking for some place that would take his junk, he returned to New York City where it was eventually burned and the ash buried on Long Island. A long trip with a short moral: No one wants anyone else's garbage—let alone their own.

Cities like New York, which generate huge masses of waste material and which have run out of landfill sites, are not alone in facing a problem. From Wisconsin to Louisiana, from New York to California, the heat is on. No one wants an incinerator cited in their town, and no one wants the ash residue. Certainly no one wants a garbage dump in his or her backyard. The environmentalists quite rightly don't want garbage dumped in the ocean. In fact, the only thing we know to do about garbage is to make it—over 140 million tons of it each year.

Many politicians, who already think that much of what we write should bypass the reader directly for the waste stream, are quick to point out that newspapers are major contributors to the problem. When we point out that nearly a fourth of the 12.3-million metric tons of newsprint consumed in the United States each year is already recycled, they respond that newspapers still constitute about 8 percent of landfill waste. Unfortunately, we are a big, visible target, and their constituents are demanding action.

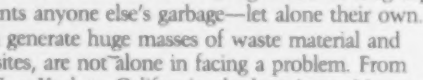
The problem is that there is ample proof that the recycled paper market is a fragile one. The market for old newspapers collapsed in the Northeast last fall as more cities required citizens to separate their newspapers from other trash for curbside pickup. Yet many legislators continue to stumble—sometimes blindly—into "recycling" programs that they mistakenly think will solve the problem just by legislating old newspapers out of the waste stream.

Among these proposed legislative "solutions" are taxes to fund disposal programs (like this year's 10-cents-a-ton newsprint tax in Florida) and a consumption tax on virgin newsprint, which could cost up to $100 a ton.

The implications for newspapers are grave. Will trash separation regulations burden an already fragile subscriber? Will newspapers face disposal taxes while other media do not? Will politicians suggest printing fewer newspapers or fewer inserts?

Your Board of Directors recognizes that a proper resolution of this complex issue will require expertise from many areas, not only from within the newspaper and newsprint businesses, but from numerous outside disciplines. So, I have appointed a task force of ANPA directors to oversee and guide our efforts. Frank Bennack of The Hearst Corp. will head it, assisted by Charles Brumback of the Tribune Co., Rick Warren of the Bangor Daily News, Charles Rowe of the Fredericksburg Free Lance-Star and Sandra C. Hardy of Calkins Newspapers.

They have begun their work and welcome your input as the inevitable local pressures and "solutions" crop up in your area.



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Capacity gain projected at 2,347,500 tons

Scheduled newsprint mill projects between this year and 1991 will add 2,474,100 metric tons of capacity in the United States and Canada. During this time, announced capacity reductions of 126,600 tons will take effect, leaving a net gain for the period of 2,347,500 tons.

In addition, 11 projects totaling another 1,884,000 tons are under consideration. Four other projects of undisclosed capacities also are being considered.

The charts at right show expansion projects that have been announced, as well as machine shutdowns or conversions to other grades of paper [presstime, June 1987, p. 106]. (Note: Full capacity may not be realized in the year of start-up.) □

New contract ratified at 2 struck mills

Members of the Association of Western Pulp & Paper Workers ratified a new contract at Smurfit Newsprint Corp.'s mills in Oregon City and Newberg, Ore.

The union struck the two mills last July, but the company used supervisory personnel to continue operations.

Details of the settlement were not available by late February [presstime, Dec. 1988, p. 64]. □

$2.2 billion offered for Consolidated-Bathurst

Stone Container Corp. said it would make an offer worth about $2.2 billion for Consolidated-Bathurst Inc. The acquisition would raise Stone's position in the newsprint market to the No. 3 producer in North America, behind Abitibi-Price Inc. and Canadian Pacific Forest Products Ltd.

Consolidated-Bathurst's three largest shareholders—Power Corp. of Canada (40 percent ownership), Bouverie Investments Ltd. (15 percent) and Kuwait Investment Office (10 percent)—have agreed to tender their shares. □

Statistics unavailable

Newsprint statistics for January were not available by press time. They will be published in the April issue.

Publicly announced newsprint capacity increases

Company	Location	Approximate cost (millions)	Approximate annual capacity[1] (metric tons)
1989 Start-ups			
Bowater Mersey Paper Co. Ltd.	Liverpool, Nova Scotia[2]	$128	50,000
Finlay Forest Canada Ltd.	MacKenzie, British Columbia[3]	$212	210,000
Gold River Newsprint Ltd. Partnership	Gold River, British Columbia[4]	$320	230,000
Kruger Inc.	Corner Brook, Newfoundland[2]	—	159,750
Newsprint South Inc.	Grenada, Miss.[4]	$347	203,000
North Pacific Paper Co.	Longview, Wash.[2]	—	20,000
Ponderay Newsprint Co. (Canadian Pacific Forest Products Ltd. and publishers)	Usk, Wash.[4]	$300	180,000
F.F. Soucy Inc.	Riviere-du-Loup, Quebec[2]	$ 3	4,000
Southeast Paper Manufacturing Co. (recycled newspapers)	Dublin, Ga.[3]	$325	206,000
		Total	1,262,750
1990 Start-ups			
Alabama River Newsprint Co. (Abitibi-Price/Parsons & Whittemore, Inc.)	Claiborne, Ala.[4]	$409	220,000
Alberta Newsprint Co.	Whitecourt, Alberta[4]	$360	220,000
Atlantic Packaging Products Ltd. (recycled newspapers)	Whitby, Ontario[4]	—	150,000
Canadian Pacific Forest Products Ltd.	Thunder Bay, Ontario[3]	$245	60,000
Champion International Corp.	Sheldon, Texas[2]	$ 47	6,350
Consolidated-Bathurst Inc.	Grand'Mere, Quebec[5]	—	110,000
Domtar Inc.	Red Rock, Ontario[2]	$ 30	24,000
Gaspesia Pulp & Paper Co. (Abitibi-Price Inc.)	Chandler, Quebec[2]	$ 32	27,000
Kruger Inc.	Trois Rivieres, Quebec[5]	$400	180,000
MacMillan Bloedel Ltd.	Powell River, British Columbia[2]	$ 62	14,000
		Total	1,011,350
1991 Start-ups			
Howe Sound Pulp & Paper Ltd. (Canfor Corp./Oji Paper Co. Ltd.)	Port Mellon, British Columbia[4]	$355	200,000
		Grand Total	2,474,100

Newsprint machine shutdowns or conversions

Company	Location	Year	Approximate annual capacity decrease (metric tons)
Abitibi-Price Inc.	Alma, Quebec[3]	1989	59,000
Kruger Inc.	Corner Brook, Newfoundland[4]	1990	67,600
Kruger Inc.	Trois Rivieres, Quebec[3]	—	—
		Total	126,600

[1]Capacity will not be realized until machine is running at full speed.
[2]New machine(s)
[3]Speed-up
[4]New mill
[5]Net increase, new machine(s) replacing existing one(s)

Full-page ads tout Oklahoma papers

Most of the 233 daily and weekly newspaper members of the Oklahoma Press Association have joined a 10-week advertising campaign trumpeting newspapers published in the state.

The papers began publishing weekly full-page ads in early February to promote the wide reach of Oklahoma newspapers, said J. Leonard Gourley, president of the press association and publisher of Oklahoma City Friday, a suburban weekly.

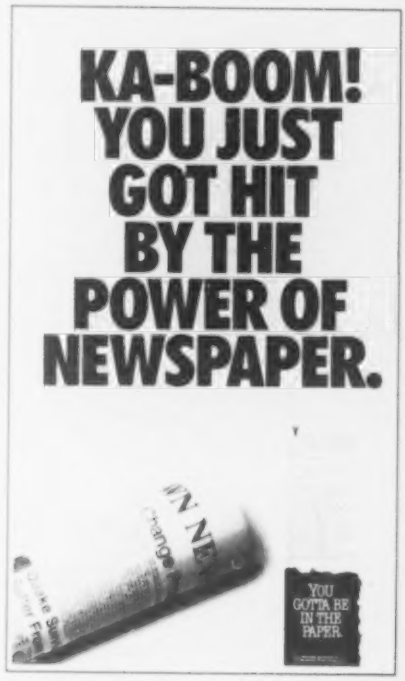
The goal of the ad campaign, whose theme is "You Gotta Be in the Paper," is to gain more advertising revenue, Gourley said.

But the ads are also aimed at the general public, the OPA president said, "with the idea that the newspaper is where people get information about ads and news."

Barry Newton, manager of the Oklahoma Newspaper Advertising Bureau, a division of the press association, said the campaign is different from common newspaper "house ads," which usually appear only when space allows. Participants in the 10-week program are running the ads on designated days of the week.

The press association campaign puts newspapers in a positive light with limited "bashing" of media competitors, Newton said.

Gourley said that 142 weeklies and 48 dailies in Oklahoma are participating in the campaign. He calculated the value of the advertising space donated at $1.25 million. □



Ads are running on a set schedule in many papers.

Group dailies control larger circulation slice

The amount of U.S. daily newspaper circulation controlled by groups reached another high in 1988, according to an annual compilation by John Morton Newspaper Research.

The circulation of group-owned dailies rose from 51.7 million in 1987 to 51.9 million—83 percent of total circulation, up from 82 percent a year earlier.

Likewise, the number of U.S. dailies owned by groups increased from 74 percent to 76 percent of the total, as the number of group-owned newspapers jumped from 1,212 to 1,247 [presstime, May 1988, p. 106, and April 1988, p. 76].

The number of groups remained the same at 143. A decade ago, the research company said, there were 169 groups—defined as companies owning at least two daily newspapers published in different cities.

Forty-five of the groups publish only two dailies. Fifty-eight of the groups have total circulations of 50,000 or less. Thirty-one others have circulations of 50,000 to 150,000.

Morton Research is part of the Lynch, Jones & Ryan securities firm in Washington, D.C. □

Corrections

There are about 70 Black senior executives at more than 1,600 daily newspapers and 300 TV stations in the United States. The number of Black senior executives was incorrectly stated in a February story.

The Sunday circulation of The Concord (N.C.) Tribune was misstated in a chart in the February issue. As of Sept. 30, 1988, it was 13,445.

Presstime regrets the errors. □

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INFE issues books on economics, invoices

The International Newspaper Financial Executives organization has published two new booklets, one a primer on the economics of newspapers and the other a workbook on ways to implement the Standard Advertising Invoice.

"Newspaper Financial Management: An Introduction" covers history and current trends in the industry, newspaper revenue sources, expense classifications, and key ratios often used by financial executives to evaluate a newspaper's performance. INFE members have received one copy free; additional copies are $15 each. Non-members can obtain the booklet for $60.

"Standard Advertising Invoice" describes approaches taken by some INFE members to implement the SAI, which has been widely endorsed by industry leaders as an important response to advertisers' needs. The SAI booklet is free upon request.

For further information, or to order the booklets, contact Jay G. Matthews at INFE, The Newspaper Center, Reston, Va.; (703) 620-6580. □